RENTAL MARKET REPORT

Nova Scotia Highlights

Canada Mortgage and Housing Corporation

Date Released: Spring 2008

Figure 1

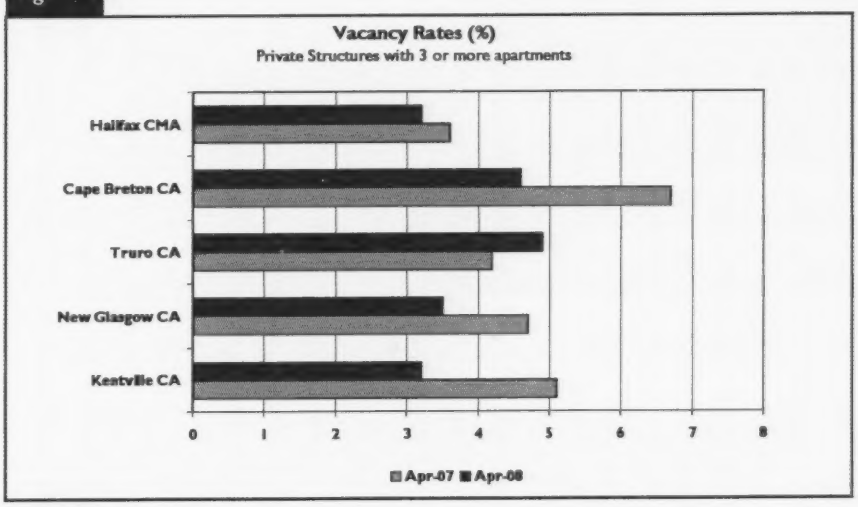
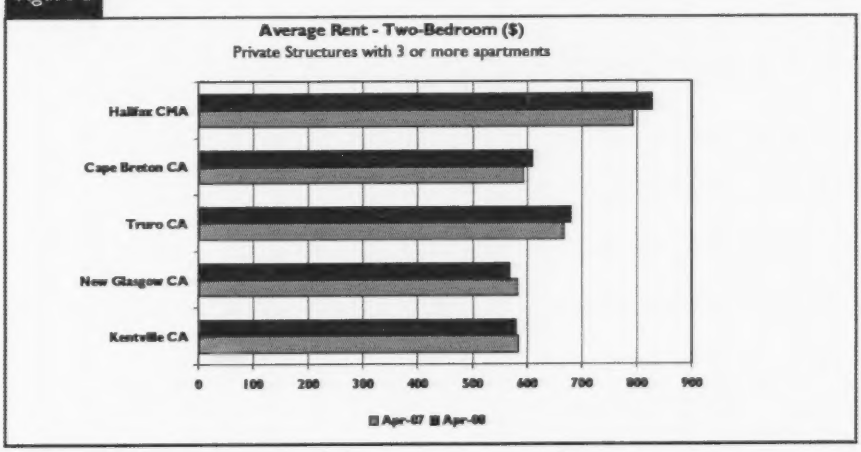


Figure 2



Rental Market Tightens Across Nova Scotia

- Demographic shifts to smaller households and rising homeownership costs have boosted demand for rental accommodations in Nova Scotia.
- The overall average vacancy rate in Nova Scotia was 3.4 per cent in April 2008.
- Average rent for a two-bedroom apartment in Nova Scotia was $789 per month in April 2008.
- As the recent high number of rentals starts reach completion, vacancy rates will begin to face upward pressure.

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Overview

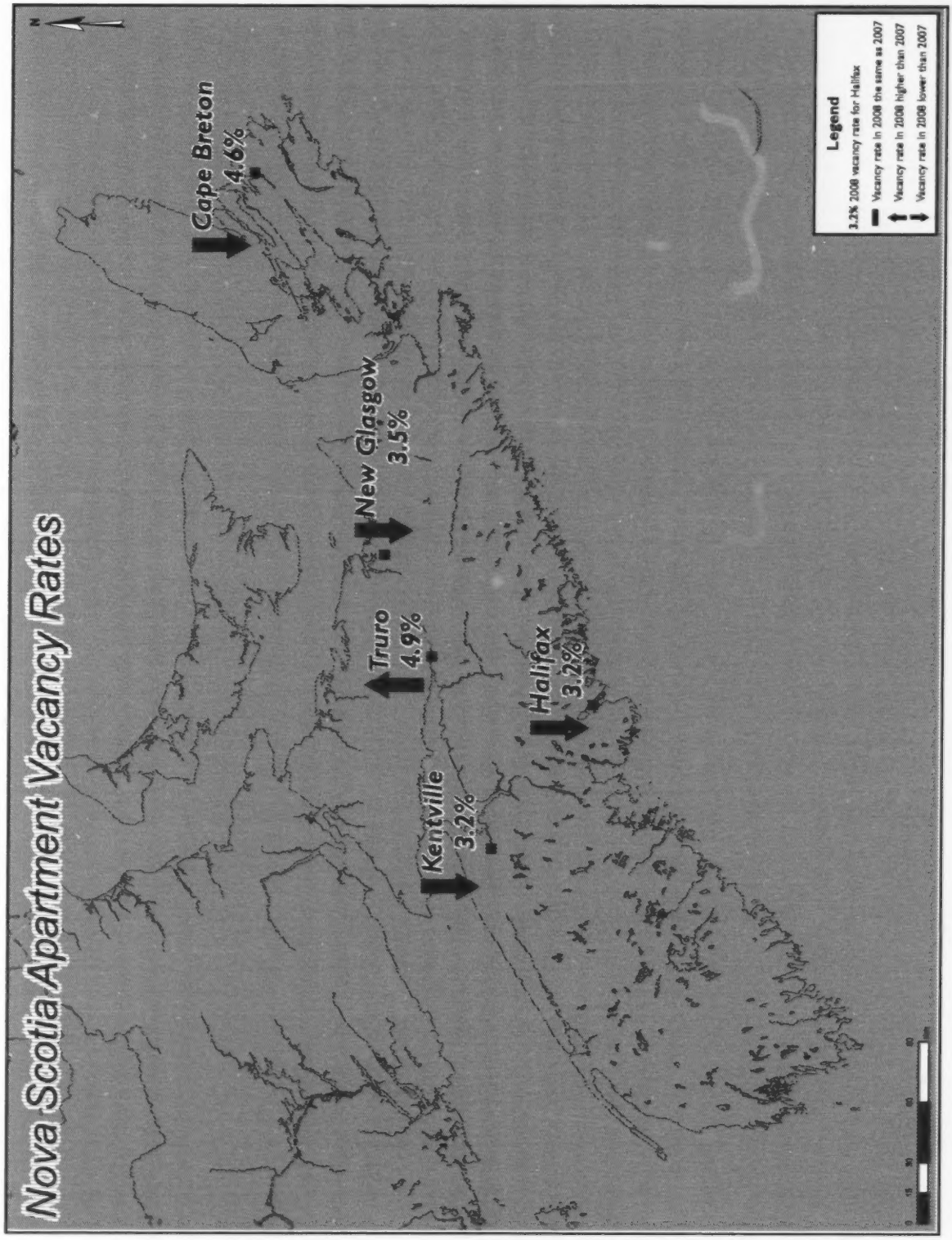
The rental market across Nova Scotia tightened in April 2008 as most regions in the province saw a decline in vacancy rates compared to April 2007. The decline in vacancy is primarily due to the fact that rental units remain relatively affordable compared to homeownership and demographic factors remain supportive of the rental market. According to 2006 Census data, a shift to smaller households is prevalent throughout the province as one and two person households are the fastest growing segment of the market in all provincial urban centres. An overall average vacancy rate of 3.4 per cent in April 2008, suggests that recent high levels of rental unit starts and completions in the province continue to experience rapid rates of absorption. Vacancy rates were forecast to rise due to the amount of construction and anticipated volume of units being added to the provincial rental stock. However, a skilled labour shortage in the province is contributing to project delays for many developers. These construction delays provide some time for demand to catch up with supply, minimizing the expected upward pressure on vacancy rates.

Vacancy Rates

The overall vacancy rate in Nova Scotia declined in April 2008 compared to last year, dropping from 3.8 to 3.4 per cent. The provincial vacancy rate is primarily influenced by the Halifax rental market which makes up 85 per cent of the provincial rental stock. The vacancy rate in Halifax dropped from 3.6 to 3.2 per cent in April. Truro recorded the highest overall vacancy rate in the province at 4.9 per cent while Cape Breton experienced the highest drop in vacancy rate, dropping more than two full percentage points from 6.7 last year to 4.6 per cent in April 2008. High demand for rental units is also prevalent in Kentville as the vacancy rate dropped from 5.1 to 3.2 per cent, despite record levels of multiple-unit construction in the area. In New Glasgow, the vacancy rate dropped from 4.7 to 3.5 per cent.

Average Rents

Average rent for a two-bedroom apartment increased in most urban centres across Nova Scotia. As with vacancy rates, the impact of average rents in Halifax influenced the overall average rent in Nova Scotia. In April, average rent for a two-bedroom apartment in Halifax was $827 per month while in the rest of Nova Scotia the average two-bedroom rent was $608 per month. The overall average two-bedroom rent for Nova Scotia was $789 per month. The lowest average two-bedroom rent was recorded in New Glasgow at $567 per month. Truro recorded the second highest average two-bedroom rent in the province at $679 followed by Cape Breton at $609.


Nova Scotia Apartment Vacancy Rates
Cape Breton
4.6%
New Glasgow
3.5%
Truro
4.9%
Halifax
3.2%
Kentville
3.2%
Legend
3.2% 2008 vacancy rate for Halifax
Vacancy rate in 2008 the same as 2007
Vacancy rate in 2008 higher than 2007
Vacancy rate in 2008 lower than 2007

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08
Halifax CMA	2.3 b	2.3 b	2.9 a	2.7 a	4.1 a	3.7 b	4.7 c	3.4 c	3.6 a	3.2 a
Cape Breton CA	**	**	10.0 d	**	5.9 c	4.0 c	**	**	6.7 b	4.6 c
Kentville CA	0.0 a	**	5.9 a	3.3 c	5.0 a	3.2 c	**	0.0 d	5.1 a	3.2 c
Kings, Subd. A SC	n/u	n/u	n/u	0.0 a	n/u	0.0 a	n/u	n/u	n/u	0.0 a
New Glasgow CA	4.4 b	10.6 c	6.8 a	3.5 b	3.9 a	2.6 a	3.5 a	3.4 d	4.7 a	3.5 a
Truro CA	5.1 d	**	4.0 b	6.1 b	4.3 b	3.9 a	**	**	4.2 b	4.9 a
West Hants MD	n/u	n/s	n/u	n/s	n/u	**	n/u	**	n/u	**
Nova Scotia 10,000+	**2.7 b**	**2.9 b**	**3.3 a**	**3.0 b**	**4.2 a**	**3.6 a**	**4.6 c**	**3.5 c**	**3.8 a**	**3.4 a**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08
Halifax CMA	598 a	601 a	653 a	663 a	793 a	827 a	1,015 a	1,077 a	746 a	768 a
Cape Breton CA	467 a	441 a	490 a	481 a	592 a	609 a	707 b	752 c	570 a	567 a
Kentville CA	439 a	422 b	482 a	505 b	584 a	578 a	637 a	651 b	553 a	549 a
Kings, Subd. A SC	n/u	n/u	n/u	508 a	n/u	508 a	n/u	n/u	n/u	508 a
New Glasgow CA	393 a	377 b	468 a	468 a	582 a	567 a	581 d	571 b	531 a	522 a
Truro CA	414 a	435 a	527 a	529 a	667 a	679 a	713 b	719 a	619 a	633 a
West Hants MD	n/u	n/s	n/u	n/s	n/u	**	n/u	n/s	n/u	**
Nova Scotia 10,000+	**573 a**	**578 a**	**636 a**	**645 a**	**757 a**	**789 a**	**988 a**	**1,047 a**	**720 a**	**740 a**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a – Excellent ($0 \leq cv \leq 2.5$), b – Very good ($2.5 < cv \leq 5$), c – Good ($5 < cv \leq 7.5$)
d – Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.3 Number of Private Apartment Units Vacant and Universe in April 2008 by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Halifax CMA	55 b	2,440	401 a	14,669	675 b	18,483	103 c	2,977	1,233 a	38,570
Cape Breton CA	**	157	**	499	49 c	1,211	**	80	90 c	1,947
Kentville CA	**	74	13 c	408	24 c	747	0 d	42	41 c	1,271
Kings, Subd. A SC	n/u	n/u	0 a	9	0 a	58	n/u	n/u	0 a	67
New Glasgow CA	9 c	87	11 b	320	18 a	719	1 d	30	40 a	1,156
Truro CA	**	90	41 b	675	60 a	1,521	**	99	118 a	2,386
West Hants MD	n/s	n/s	n/s	n/s	**	**	**	**	**	**
Nova Scotia 10,000+	**83 b**	**2,849**	**499 b**	**16,580**	**828 a**	**22,755**	**114 c**	**3,233**	**1,524 a**	**45,417**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08
Halifax CMA	3.1 c	3.0 b	4.1 b	3.6 b	5.0 a	4.4 b	5.9 c	4.7 c	4.6 a	4.0 a
Cape Breton CA	**	**	10.0 d	**	5.9 c	4.2 c	**	**	6.7 b	4.7 c
Kentville CA	0.0 a	**	5.9 a	4.3 c	5.2 a	4.8 c	**	0.0 d	5.2 a	4.6 b
Kings, Subd. A SC	n/u	n/u	n/u	0.0 a	n/u	0.0 a	n/u	n/u	n/u	0.0 a
New Glasgow CA	4.4 b	11.8 c	7.4 a	3.9 b	3.9 a	3.4 a	3.5 a	3.4 d	4.9 a	4.2 a
Truro CA	8.6 c	**	4.2 b	6.3 b	4.8 b	3.9 a	**	**	4.9 b	5.0 a
West Hants MD	n/u	n/s	n/u	n/s	n/u	**	n/u	**	n/u	**
Nova Scotia 10,000+	**3.5 c**	**3.6 b**	**4.4 a**	**3.9 b**	**5.0 a**	**4.3 a**	**5.7 c**	**4.6 c**	**4.7 a**	**4.1 a**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent [1] by Bedroom Type
Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-06 to Apr-07	Apr-07 to Apr-08	Apr-06 to Apr-07	Apr-07 to Apr-08	Apr-06 to Apr-07	Apr-07 to Apr-08	Apr-06 to Apr-07	Apr-07 to Apr-08	Apr-06 to Apr-07	Apr-07 to Apr-08
Halifax CMA	n/a	2.6 c	n/a	2.8 b	n/a	2.1 b	n/a	4.6 d	n/a	2.1 b
Cape Breton CA	n/a	**	n/a	**	n/a	4.5 d	n/a	**	n/a	4.7 d
Kentville CA	n/a	**	n/a	**	n/a	2.3 c	n/a	**	n/a	2.9 c
Kings, Subd. A SC	n/a	n/u	n/a	n/u	n/a	n/u	n/a	n/u	n/a	n/u
New Glasgow CA	n/a	**	n/a	++	n/a	++	n/a	**	n/a	++
Truro CA	n/a	4.2 d	n/a	2.0 c	n/a	2.1 a	n/a	++	n/a	2.3 a
West Hants MD	n/a	n/u	n/a	n/u	n/a	n/u	n/a	n/u	n/a	n/u
Nova Scotia 10,000+	**n/a**	**2.4 c**	**n/a**	**2.8 b**	**n/a**	**2.1 b**	**n/a**	**4.6 d**	**n/a**	**2.2 b**

[1] The Estimate of Percentage Change is a measure of the market movement, and is based on thoses structures that were common to the survey for both years.

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
++ change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0)
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The data collected for a structure depends on whether it is an apartment or a row structure. The survey collects market rent, available and vacant unit data for all sampled structures. Most RMS data contained in this publication refer to privately initiated apartment structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the April 2007 and April 2008 Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

All data presented in this publication is based on Statistics Canada's 2006 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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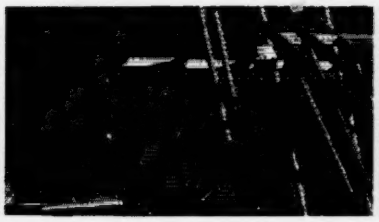

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